

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 692 – SB 1010

March 4, 2011

SUMMARY OF BILL: Exempts funeral directors from the requirement of registering with the Department of Commerce and Insurance as a pre-need sales agent or pre-need seller prior to engaging in the sale, solicitation, or negotiation of prearrangement insurance policies or pre-need contracts.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$268,800

Decrease State Expenditures - \$268,800

Assumptions:

- According to the Department of Commerce and Insurance, there are approximately 1,000 registered pre-need sales agents. Approximately 800 are funeral directors. The initial registration fee for a pre-need sales agent is \$250, and the renewal fee is \$150 every two years.
- Additionally, there are approximately 500 funeral establishments, individuals, and firms registered as pre-need sellers with an estimated 450 being funeral directors or establishments. The initial registration fee for funeral directors is \$1,000, and the renewal fee is \$750 every two years.
- Exempting funeral directors from renewal requirements who will renew their registrations as pre-need sales agents and sellers under current law will cause a recurring decrease in renewal fee revenue of \$228,750 $\{[(800 \text{ agents} \times \$150 \text{ renewal fee}) / 2 \text{ years}] + [(450 \text{ sellers} \times \$750 \text{ renewal fee}) / 2 \text{ years}]\}$.
- According to the Burial Services Board, approximately 100 additional funeral directors register each year as pre-need sales agents, and approximately 15 additional funeral directors register each year as pre-need sellers.
- Exempting funeral directors from initial registration requirements who will register as pre-need sales agents and sellers under current law will cause a recurring decrease in registration fee revenue of \$40,000 $[(100 \text{ agents} \times \$250) + (15 \text{ sellers} \times \$1,000)]$.
- The total recurring decrease to state revenue will be \$268,750 $(\$228,750 + \$40,000)$.
- According to the Department, the Board will decrease expenditures in other areas to offset the decrease of revenue.

- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period. The Burial Services Board had closing negative balances of \$1,104,014 in FY09-10 and \$1,434,299 in FY08-09.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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